



Comptroller of the Currency
Administrator of National Banks

Western District
50 Fremont Street, Suite 3900
San Francisco, California 94105-2292

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

January 6, 1997

FirstBank of Douglas County, N.A.
Charter Number 16471

221 Wilcox Street
Castle Rock, Colorado 80104

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **FirstBank of Douglas County, N.A.** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **January 6, 1997**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the CRA of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated: "Satisfactory Record of Meeting Community Credit Needs."

Community Profile

FirstBank of Douglas County, N.A.'s (FBDC) delineated community consists of 17 census tracts located in Douglas County which is in the southern portion of the Denver Metropolitan Statistical Area (MSA). Douglas County has one of the highest per capita incomes of any county in Colorado. Although the 1990 median family income for the Denver MSA is \$40,222, this is not reflective of the median family income of Douglas County alone. The 1990 median housing value for this area was \$107,000. There are no low or moderate-income census tracts within the bank's delineated community. Of the 17 census tracts, 5 are middle-income, 11 are upper-income, and 1 has no population. The population is broken down as follows:

Low-income Families	7%
Moderate-income Families	11%
Middle-income Families	22%
Upper-income Families	60%

The town of Castle Rock is the county seat with about 13,000 people. Based on information from the fourth quarter 1994 U.S. Bureau of Labor Statistics, the primary employers are city and county government and small business establishments with less than 50 employees.

Bank Profile

FBDC is located at 221 Wilcox Street in Castle Rock, Colorado. As of June 30, 1996, the bank had total assets of \$177 million. The bank acquired and merged with the Bank of Douglas County in March 1996. The bank operates this facility as a branch. It is located at 402 Wilcox Street. FBDC is owned by FirstBank Holding Company of Colorado, a multi-bank holding company with total assets as of June 30, 1996, of \$2.7 billion. The bank's principal competitors are two commercial banks and one credit union. FBDC is the largest of the local financial institutions. The bank's primary business focus is residential mortgage lending. In 1996, loan originations were broken down as follows: 53% residential mortgage (this includes 13% home improvement), 37% consumer, and 10% small business.

Reasonableness of Delineated Community

FBDC delineated community is reasonable. It does not arbitrarily exclude low- and moderate-income census tracts. Since 1994, the delineated community had been defined as a 10-mile radius from the town of Castle Rock. During our review, management expanded the delineated community to include full census tracts within the 10-mile radius.

Management maintains documentation which indicates the majority of loans and deposits are within the delineated community. The delineated community is reviewed annually by the Board of Directors (Board) to determine its appropriateness.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

- **Management maintains ongoing, meaningful contact with a wide range of individuals and groups representing various community interests.**

FBDC has a formal written program to ensure management maintains contact with individuals and groups from the bank's delineated community. Methods include business and individual call programs and staff and customer surveys. Management has contacted individuals which represent small business, civic, senior citizens, and women's groups, and city and county government. The bank's 1996 CRA Statement lists these organizations.

The bank also periodically conducts surveys to identify unmet credit and banking needs. Bank staff personally contact all participants who list any unmet credit or banking needs in an effort to obtain their business.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purpose of the Community Reinvestment Act.

- **The Board and senior management have developed an effective program to determine and help meet the credit needs of the bank's community.**

The Board and management use information obtained from outreach activities to determine what products to offer. They have developed loan products which use prudent underwriting criteria to help address the community's credit needs. For example, based on feedback from the community, the mortgage department of the bank's affiliate developed a home purchase program for low- and moderate-income individuals which is available through FBDC. The bank also offers government guaranteed or sponsored loan products for small businesses and students.

In order to monitor CRA efforts and progress, the Board and senior management have established a CRA Steering Committee which meets semi-annually. Representatives from senior management and the board serve on the bank's CRA Steering Committee. This ensures the Board remains informed on the bank's efforts and allows them to identify any weaknesses in current efforts.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

- **The Board and senior management have implemented a sound advertising and marketing program designed to reach all segments of FBDC's community.**

In order to reach all segments of its delineated community, the bank uses various means and methods to market and advertise its products. Company-wide advertising, directed by FirstBank Holding Company of Colorado, makes use of broad base general media. This includes extensive use of television, radio, and major newspapers. Bank-wide brochures, direct mailings, and sponsorship of a variety of events are also used to advertise loan and deposit products. These efforts include use of media which targets special interest groups or low- and moderate-income individuals.

In addition, the bank tailors its marketing and advertising efforts to its individual community. This is accomplished through the sponsorship of local events and the use of local publications, including newspapers, newsletters, neighborhood directories, school publications, and church bulletins.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

- **FBDC's performance in originating loans within its delineated community is good.**

The volume of loans made in relation to available resources is adequate. As of June 30, 1996, the loan-to-deposit ratio was 32%. This ratio was significantly impacted by the March 1996 acquisition and merger of the Bank of Douglas County. At the time of acquisition, the Bank of Douglas County had total assets of approximately \$120 million and a loan-to-deposit ratio of less than 10%. Prior to the merger, FBDC had a historical average loan-to-deposit ratio of 65%. As of September 30, 1996, the loan-to-deposit ratio had increased to 36%.

Through June 30, 1996, the bank originated 516 loans totaling \$14.5 million across all loan product lines. Approximately 85% of the loans representing 79% of loan volume were made within the delineated community. In 1995, the bank originated 808 loans for a total dollar volume of \$14 million.

Eighty percent (80%) of both the number and dollar volume of the 1995 loan originations were within the delineated community. The following table summarizes loans originated within the revised delineated community.

**Loan Originations within the Delineated Community
As of June 1996 and Year End 1995**

TYPES OF LOAN ORIGINATIONS WITHIN DELINEATED COMMUNITY	JUNE 1996		YEAR END 1995	
	Number	Percentage	Number	Percentage
Residential Mortgages	87	84%	49	78%
Home Improvement Loans	46	85%	78	87%
Small Business Loans	58	87%	23	66%
Other Consumer Purposes	229	85%	500	81%
Total of All Loans	420	85%	650	80%
	Volume Percentage (000)		Volume Percentage (000)	
Residential Mortgages	\$ 4,797	89%	\$ 4,351	77%
Home Improvement Loans	\$ 1,100	87%	\$ 1,597	88%
Small Business Loans	\$ 3,470	68%	\$ 993	74%
Other Consumer Purposes	\$ 1,413	79%	\$ 4,233	82%
Total of All Loans	\$10,780	79%	\$11,174	80%

A market share analysis of the FBDC's Home Mortgage Disclosure Act (HMDA) statement indicates the bank ranks 21st among 40 banks which make mortgage loans within the bank's delineated community and has 1.33% of the lenders market share.

The bank has developed and is involved in special programs targeted to meet the credit needs of low- and moderate-income individuals. However, despite significant marketing and advertising efforts, the bank has not originated any loans under these programs. Some of the special programs are as follows:

Community HomeBuyers Program

This is a Fannie Mae 15-, 20-, and 30-year mortgage loan product which offers a lower down payment. Applicants can finance up to 95% of the home purchase value of the home or 90%, if

refinancing. Private Mortgage Insurance (PMI) is required, but is lower than for standard conventional loans. The bank implemented this program in 1994.

The Affordable Housing Program

This is a new mortgage loan program which started in mid-1996 to supplement the Community HomeBuyers Program described above. This program is for the purchase, refinance, as well as, cash-out refinance for single family residences. Unlike the Community HomeBuyers program, this program also includes financing for town homes and condominiums. The program is available to borrowers at or below median income. Maximum loan-to-value is 97%, with a minimum 3% down payment, and low closing costs.

The CRA Statement accurately identifies the types of loan products offered. The bank makes available all the loan products listed in the CRA Statement.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

- **FBDC has made an effort to participate in some governmentally-insured and guaranteed loan programs.**

FBDC offers government guaranteed student loans, including Stafford Student Loans and Parent Loans for Undergraduate Students (PLUS). There are currently 50 loans outstanding totaling \$262,000.

Management is aware of the other types of governmentally-insured and guaranteed loan programs. But due to its size prior to the acquisition, the bank limited its involvement in governmentally-sponsored loans. As the loan officers develop more expertise, they expect to become more involved in Small Business Administration (SBA) loan products and other governmentally-sponsored loans for residential mortgages and small businesses.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES.

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

- **The geographic distribution of credit extensions demonstrates good penetration within the delineated community.**

A review of the bank's HMDA loans indicates a reasonable distribution of home mortgage loans throughout the bank's delineated community. Loan concentrations exist in the most populated census tracts. The bank concentrates its lending efforts on meeting the business and personal credit needs of the local community.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

- **FBDC has a good record of maintaining offices and providing services within its delineated community.**

The main bank office, which includes a drive-up facility, is located at 221 Wilcox Street. The acquired Bank of Douglas County office and drive-up continue to be operated as a branch facility at 402 Wilcox Street. Both facilities are readily accessible to all segments of the community. The bank offers extended and Saturday hours for lobby and drive-up services.

Banking services are readily accessible throughout the Denver metropolitan area, as well as in other areas in Colorado. FBDC's customers can make deposits at any of the 65 FirstBank locations. These include 22 banks and 43 branches. Nineteen of the branches are conveniently located in King Soopers grocery stores. FirstBanks have a network of more than 140 automated teller machines (ATMs). The ATMs have braille instructions to assist the visually impaired. The bank offers 24-hour banking. Individuals can apply for loans, open new accounts, transfer funds, determine account balances, and obtain information about various products the bank offers, through an automated system or a customer representative. This system offers these services in both English and Spanish. Also available through 24-hour banking is a telecommunication device for the hearing impaired.

The bank has never closed an office. However, management and the board have developed a branch closing policy which provides adequate guidance if the closing of an office were proposed.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

- **FBDC solicits credit applications from all segments of its delineated community.**

Broad base and special advertising and marketing efforts are designed to reach all types of individuals and groups. In order to reach its Hispanic market, the bank advertises in both English and Spanish. There is no evidence that the bank discourages or illegally prescreens applicants or potential applicants on a prohibited basis.

The Board and management have implemented adequate policies and procedures to ensure applicants are treated fairly during the credit application process. In addition, senior management provides annual fair lending training for all personnel who are in contact with potential applicants.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

- **The bank's level of compliance with antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, and any agency regulations pertaining to nondiscriminatory treatment of credit applicants is very good.**

During a concurrent examination, we performed a comparative file analysis of 112 HMDA loans. We reviewed 100 approved loans to white applicants and 12 denied loans to minority applicants. We did not identify any instances in which a similarly situated applicant was denied credit based on race. We did not find any violations of fair lending laws or regulations.

The bank has a second review process whereby all denied low-income applicants receive a second review prior to a final decision. Annually, the audit department also performs a comparative file analysis to determine if there is any disparate or discriminatory treatment of credit applicants based on any of the prohibited bases.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

- **FBDC is a leader in the community concerning its role in development and redevelopment projects and programs.**

Management has developed meaningful relationships with representatives of local government to identify community development needs. Bank management actively participates in local organizations which promote local development/redevelopment. The bank president is currently a director of Castle Rock Economic Development Corporation and member of the Community Development Committee. The bank has participated in the following development/redevelopment projects:

Victoria's House Renovation Project

FBDC made a \$75,000 loan to finance the project. The renovated property is used by community development organizations and the local Chamber of Commerce.

"Old Town" Revitalization Fund

The bank committed \$100,000 to the fund. The fund provides low interest loans to the downtown merchants for landscaping and facade renovations.

The bank has investments in excess of \$10 million in bonds issued by municipalities in the State of Colorado. These investments help cities and counties improve school districts and infrastructures. In addition, the bank holds investments totaling \$920,000 issued by towns within its delineated community.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

- **Consistent with its size, the bank has sufficient resources to meet the credit needs of its delineated community.**

FBDC plays a leadership role in implementing projects to promote revitalization and growth, consistent with its size and financial capacity. There are no legal impediments which prevent the bank from serving its community. Local economic conditions are strong.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

- **FBDC helps meet the credit and other needs of its delineated community by participating in programs which benefit low- and moderate-income individuals and by providing donations to nonprofit organizations which benefit its community.**

FBDC participates in the Colorado Association of Realtors Housing Opportunity Foundation Program and the Colorado Lawyers Trust Account Foundation Program. Under these programs, interest paid on participating realtors' and attorneys' checking accounts is used to provide mortgage down payment assistance and legal representation for low- and moderate-income individuals.

The bank also provides low interest loans and waives loan fees to members of the Douglas County 4-H organization. The loans are made for the purchase of livestock to be raised and later sold at the annual Douglas County Fair Auction. These loan relationships allow the 4-H members to develop business skills and a sense of financial responsibility.

As of September 30, 1996, FBDC had made financial contributions in excess of \$15,000 to various civic organizations. The contributions were general in nature and did not specifically target or benefit low- and moderate-income individuals.

ADDITIONAL INFORMATION

Whenever possible, our review focused on all loan types. However, in some areas we focused primarily on residential mortgage loans which are reportable under the Home Mortgage Disclosure Act (HMDA). You may obtain a copy of the HMDA statement at the local library. You may also obtain a copy by contacting Lisbeth Hopper at FirstBank of Douglas County, N.A., 221 Wilcox Street, Castle Rock, Colorado 80104.